



2017

# THE ALMOND CONFERENCE

COME SEE WHAT'S HAPPENING IN D.C.!

Room 306-307 | December 5 2017



# CEUs – New Process

## Certified Crop Advisor (CCA)

- Sign in and out of each session you attend.
- Pickup verification sheet at conclusion of each session.
- *Repeat this process for each session, and each day you wish to receive credits.*

## Pest Control Advisor (PCA), Qualified Applicator (QA), Private Applicator (PA)

- Pickup scantron at the start of the day at first session you attend; complete form.
- Sign in and out of each session you attend.
- Pickup verification sheet at conclusion of each session.
- Turn in your scantron at the end of the day at the last session you attend.

*Sign in sheets and verification sheets are located at the back of each session room.*

# AGENDA

- **Bunnie Ibrahim**, Almond Board of California, moderator
- **Robert Guenther**, United Fresh Produce Association



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# What's Happening in Washington, DC

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*Robert Guenther*

*Senior Vice President, Public Policy*

*United Fresh Produce Association*

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# What's Happening in Washington, DC

## Today's Discussion

1. A Little Bit About United Fresh
2. Takeaways from 2016 Election and Current Washington, DC Landscape
3. Key Legislative and Regulatory Outlook for the remainder of the 115<sup>th</sup> Congress
4. Questions and Discussion

# United Fresh Produce Association

- Founded in 1904
- Headquartered in Washington DC
- 1,500 companies; 10,000 individuals
  - More than 100 commodity boards; local, regional, national, international associations
  - Members in every state, 25 countries
  - 300 volunteers on boards, councils
- We bring together the total produce industry supply chain  
Growers, wholesalers, fresh processors, distributors,  
retailers, restaurants, service providers, allied associations

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# Takeaways from 2016 Election and Current Washington, DC Landscape

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*Or.....Expect the Unexpected*

# Trump's electability ratings

- Presidential Run Announcement → **3%**
- After First Republican Debate → **23%**
- Republican Nomination → **38%**
- Last Election Poll → Clinton **46%** vs. Trump **42%**



# How we ALL got it Wrong

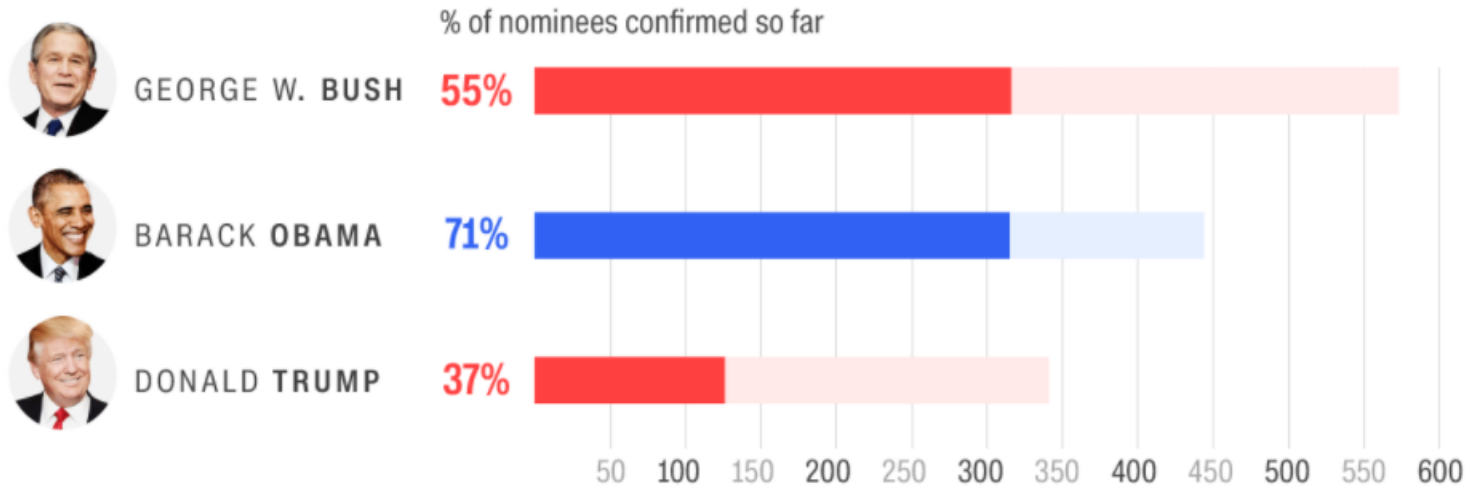
- Money and ground game win elections → **WRONG**
- Trump will kill the Republican brand → **WRONG**
- Debates turn on elections → **WRONG**
- VP Candidates Matter → **YES**
- Paid media wins elections → **WRONG**
- Political or military experience is necessary → **WRONG**

# Currently

- On-the-fly governing fueled by chaos
- 3<sup>rd</sup> Party President Challenging GOP Leadership and Dissent
- **USDA leadership still missing**
  - By design in some instances
  - USDA Undersecretaries still not confirmed; Some have not even been NAMED
  - Trump's picks have been confirmed at half the pace of Obama's

# How President Trump's nominations compare to Bush and Obama to date

Donald Trump has nominated fewer people than both of his predecessors so far, but his nominees are getting confirmed at half the pace as Obama's picks.



Source: CNN, Partnership for Public Service. As of September 14, 2017 at 11:30 A.M. ET.

# 2017 so far...and what remains

- Republican leadership failure on health care/ACA repeal = eight months
- **Trump-Schumer-Pelosi September deal**
  - Extends government funding and suspension of the debt ceiling until December 8, 2017.
  - Sets up deadline for Congress at end of year for more potential bipartisanship (e.g. spending caps, hurricane relief, DACA, etc.)
- **Tax Reform**
  - One of few remaining potential objectives/policy wins for 2017

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# 2018 Macro Issues

## Trump/GOP judged in 2018 on:

- Healthcare
- Tax reform
- Supreme Court
- Regulations
- Infrastructure

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# 2018 Food and Ag Issues

- Farm Bill
- NAFTA/Trade
- Immigration Reform

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# Farm Bill

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# Farm Bill

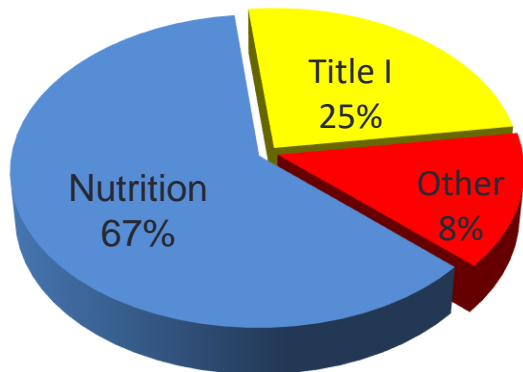
## Three Drivers:

1. Budget
2. Politics
3. Policy



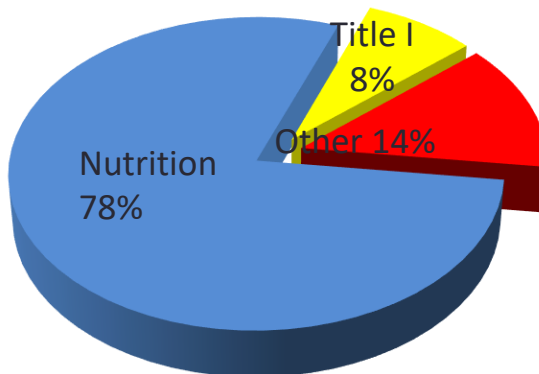
# Farm Bill Cost

## 2002 Farm Bill



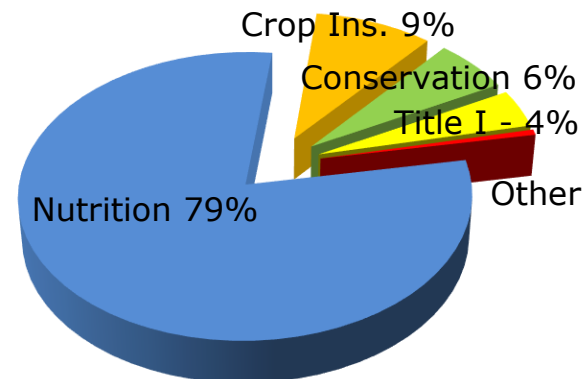
**\$241 Billion**  
(2003-2007)

## 2008 Farm Bill



**\$405 Billion**  
(2008-2012)

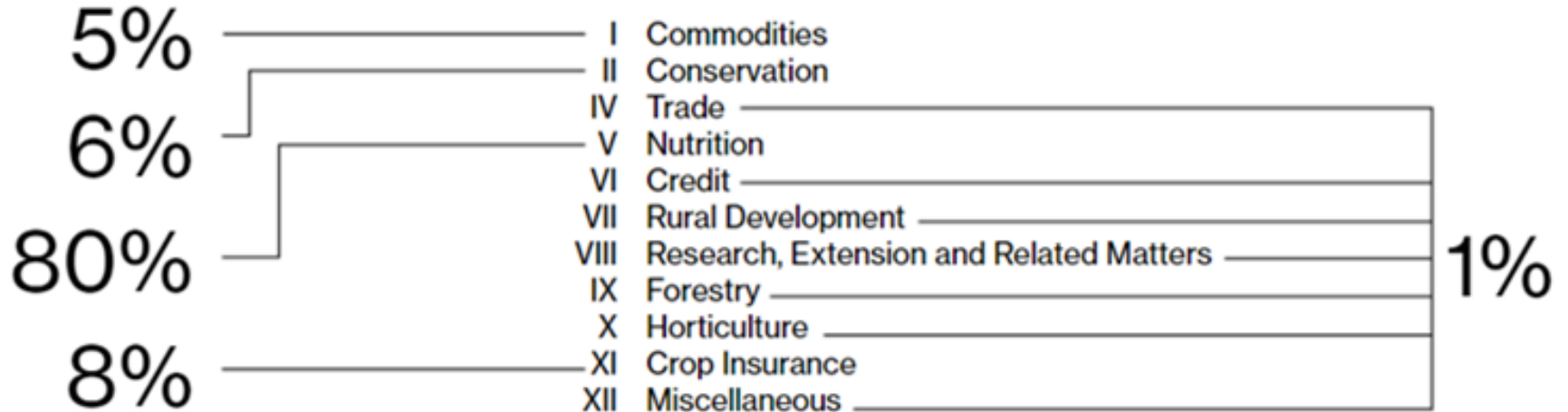
## 2014 Farm Bill



**\$478 Billion**  
(2014-2018)

# Farm Cost...Looking at it another Way

Of the 12 titles in the farm bill, four of them account for 99% of total farm bill spending



# Farm Bill Politics

## House

- Republicans: +22
- Rural vs. Urban Districts
- Freedom Caucus: 30 members
- Need 40-50 Democrats

## Senate

- 25 Democrats vs. 8 Republicans in 2018
- 7/10 Agriculture Committee Democrats

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# Farm Bill Policy

- Commodity Programs
- Crop Insurance
- FMD Vaccine Bank
- SNAP
- Research
- Specialty Crops

# Farm Bill Policy...Specialty Crops

## THE 2014 FARM BILL AND HOW IT BENEFITS FRESH PRODUCE

The Farm Bill is the government's largest investment in the produce industry and the healthful nutrition of America's children through increased consumption of fruits and vegetables.

### SPECIALTY CROP BLOCK GRANTS

**\$85 million a year**

New in this bill is a multi-state program administered by USDA that will focus on food safety, plant pests and disease, research and crop-specific projects that address issues that cross state lines.

### VALUE-ADDED GRANTS

**\$63 million over five years**

Provides grants that can help companies create new products, expand their marketing or develop specialty and niche products.

### RESEARCH AND PEST/DISEASE PROGRAMS



#### SPECIALTY CROP RESEARCH INITIATIVE

**\$80 million a year**

The SCRI is a critically important funding source for industry-specific research.



#### PLANT PEST AND DISEASE PROGRAM

**\$75 million a year**

This vital program includes a minimum of \$5 million a year for the National Clean Plant Network.

### NUTRITION AND CONSUMPTION

#### FOOD INSECURITY NUTRITION INCENTIVE PROGRAM

**\$100 million over five years**

This important new program stabilizes grants to incentivize SNAP recipients to buy fruits and vegetables.



#### FRESH FRUIT AND VEGETABLE PROGRAM

**\$150 million a year**

Provides school kids across the country fresh produce snacks to help ensure their nutrition and educate them about the flavorful benefits of eating fruits and vegetables.



#### DEPARTMENT OF DEFENSE (DOD) FRESH PROGRAM

**\$250 million over five years**

This program partners with USDA to purchase and deliver fresh fruits and vegetable to schools.

### MARKET ACCESS

#### MARKET ACCESS PROGRAM

**\$200 million a year**

Provides marketing assistance for expanding consumption of U.S.-grown produce in foreign markets.

#### TECHNICAL ASSISTANCE FOR SPECIALTY CROPS

**\$9 million a year**

Provides funding for projects that address sanitary, phytosanitary and technical barriers for specialty crop exports.

#### UNDERSECRETARY OF AGRICULTURE FOR FOREIGN AGRICULTURAL AFFAIRS

Authorizes the Secretary to establish this position to focus on agriculture trade priorities.



#### MAINTAINS INTEGRITY OF U.S. PLANTING FLEXIBILITY POLICY

Continues to maintain the planting flexibility safety net policy for fruit and vegetable farmers that ensures growers who receive federal payments, will not be able to also plant fruits and vegetables on that subsidized acreage.



#### ENHANCES INDUSTRY RESEARCH

Establishes a process for a scientific peer review that incorporates industry input and a review and ranking of projects by industry representatives. Also provides for up to \$25 million annually for five years to combat citrus greening.



#### CROP INSURANCE SAFEGUARDS

Requires that proposed crop insurance policies for fruits, vegetables, tree nuts, dried fruit, horticulture, nursery crops and floriculture must ascertain if the coverage will cause a market distortion.



#### FOOD SAFETY RISK MANAGEMENT STUDY

Requires a study by the Federal Crop Insurance Corporation to determine whether policies that provide coverage for specialty crops from food safety and contamination issues would benefit producers.

# Farm Bill Policy...Specialty Crops

## *Summary – Where we've come from*

- Largest federal government investment in the specialty crop industry -- \$600 million annually
- Since 2002 we have seen a 10X increase in funding through the Farm Bill – totaling \$3 billion in the 2014 reauthorization
- Key programs in research, state block grants, nutrition priorities, pest and disease along with trade drive the major resources directed in the Farm Bill

# Farm Bill Policy Specialty Crops

- Specialty Crop Farm Bill Alliance
  - SCFBA is our major coalition developing policy/lobbying for 2008, 2014 Farm Bills
  - United Fresh is coordinating Secretariat for coalition
    - Co-Chairs from FL Fruit and Vegetable, National Potato Council, Western Growers
    - 22 organizations on Steering Committee
    - 140 organizations as members
    - Six policy committees focusing on different priorities

# Farm Bill Policy Specialty Crops

- **Our Conclusion**
  - House is on expedited schedule
    - Looking at early next year
  - Senate lagging behind but not too much
    - Need to get through nominations first
  - Stabenow impact
    - Running for re-election
    - Not friendly with House counterparts
  - Challenges continue to be finding new resources
    - Others are not being shy however



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# International Trade

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*Impact of Trade (NAFTA, KORUS, TPP)*

# International Trade

- One of most significant complexities with trade is how different business sectors fare with regard to export and imports of competitive products
- Trade's impact based on commodities and regions varies greatly
- This has been the case for many trade agreements that impact the fresh produce industry

# International Trade

- President Trump made trade an important part of his campaign platform. Promised to “Put America First” and tear up bad agreements.
  - Withdrawing from Trans-Pacific Partnership
  - Renegotiate NAFTA
  - KORUS Withdraw
- U.S. consumer/retail demand for year-round product has required U.S. producers to invest/partner in operations in other parts of the world.
- For the produce industry, trade affects commodities/regions differently
  - Export markets remain a key for many commodities
  - Others are import sensitive, with many members adverse to competition

# International Trade

- Key Tools for President Trump
  - Written notice to NAFTA partners
  - Additional tariffs after “consulting” with Congress
  - “Shame” companies – tweeting
- Trade Wars
  - Potatoes vs. Avocados (SPS)
  - Mexican Truck Program (20+ F&V on retaliation list)
  - Others?

# International Trade

- **NAFTA represents an opportunity for reform**
  - 25 year old trade agreement
  - There have been significant changes to the business environment in the three countries
  - For agriculture generally speaking, it has been a tremendous success
  - For some in produce, it has been successful as well
    - In export opportunities
    - Business opportunities as well

# International Trade

- **NAFTA Current State of Play**
  - There have been five rounds of negotiations
  - Next Round in Washington, DC
  - Progress has been incremental
  - All three countries have been posturing at this point
  - Most issues that have been discussed are issues around the edges
  - Sensitive issues will most likely be left for politicians from NAFTA countries

# International Trade

- **NAFTA Current State of Play (Produce)**
  - Broad trade Issues we care about
    - SPS
    - Regulatory Harmonization
    - Rules of Origin
    - Specific commodity trade irritants
  - Perishable and Seasonal proposal
    - Key to commodities that compete directly with Mexican counterparts during winter months

# International Trade

- **NAFTA Current State of Play (Produce)**
  - Seasonal and Perishable (Pros)
    - Provides an mechanism to address more seasonal and geographic concerns of dumping
    - Because it is targeted of perishable products would not impact other parts of agriculture
    - Is not a new concept
  - Seasonal and Perishable (Cons)
    - Strongly opposed by many in agriculture and food
    - Concerns that it will be used to retaliate by CA and MX
    - Is it WTO compliant
    - Produce industry is split



# International Trade

- **NAFTA Current State of Play**

- We have been promoting importance of trade, fair standards for all
- Also expressing sensitivity to U.S. fruit and vegetable sectors that face greater competitive challenges
- We support tariff-free, quota free access for fruit and vegetable trade in NAFTA countries
- Primary focus has been to enhance SPS framework and regulatory consistency
- If proven there are unfair or state-supported competition it must be addressed in the negotiations

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# Immigration Reform

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# Immigration Reform

- Strong support for an Ag solution coming from:
  - USDA Secretary Sonny Perdue
  - House Ag Committee Chairman Mike Conaway
  - Bipartisan group of House Ag members
  - Even some within the White House
- Goodlatte Bill
  - In order to pass Judiciary Committee needed to go far right
  - Not a lot to like in current legislation
- However, is some movement better than none?

# Immigration Reform

- **Goodlatte Legislation**
  - Concerns
    - Must tie mandatory E-verify to functioning ag program
    - What percentage of current workers would truly transition into H-2C?
      - Impact on family members? Country return requirements? Holding 10% pay in trust?
    - 10,000 green cards awfully low
    - Cap on new workers; potential need far above
    - Impact of adding processing jobs
    - Contract and at-will provisions
    - Pay rates

# Immigration Reform

- **Our Conclusion**

- Let's push ahead and see how far we can go
  - At best, we might make progress
  - At worst, we continue driving attention to the labor crisis in agriculture
- We need to work with Chairman Goodlatte and ag leaders to get needed changes in bill
- We need a Senate strategy to do anything
- If it all goes off the rails, we can prevent passing bad legislation
- But the “window” is open from all reports

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***Thank you for the opportunity!***

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Robert Guenther

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Thank you!





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# What's Next

**Tuesday, December 5 at 4:15 p.m.**

- State of the Industry – Hall C

*Be sure to join us at 5:30 p.m. in Hall A+B for Dedicate Trade Show Time and Opening Reception, sponsored by The Bank of Stockton*

